

**MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

Buena Vista – December 17, 2007

Attendance:

Member	Present
H. Beckler	No
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
N. Cook	Yes
R. Cordrey	Yes
J. Davis	Yes
R. Davis	Yes
R. Derrickson	Yes
J. DiPinto	Yes
F. Dixon	Yes
B. Fasy	Yes
R. Gilligan	No
R. Glen	Yes
J. Horthy	Yes

Member	Present
D. Hudson	No
R. Larson	No
K. Lewis	Yes
D. Link	No
A. Lubin	Yes
J. Markell	Yes
J. McKinney Cherry	No
C. Morgan	Yes
E. Ratledge	Yes
G. Simpson	Yes
T. Shopa	Yes
H. Smith-Windsor	No
D. Swayze	Yes
C. Wicks	Yes

Members in Attendance: 22

Members Absent: 7

Others Present: P. Carter, M. Casey, T. Cook, J. Craig, D. Dilman, R. Geisenberger, D. Gregor, M. Jackson, S. Kubico, B. Motyl, B. Scoglietti, S. Scola, A. Shepard-Visalli, B. Taylor and members of the press.

Opening Business: Mr. Byrd called the meeting to order at 3:00 p.m.

A moment of silence was observed for the recent passing of Mr. Garrett Lyons and Mr. Edward Bennett.

The minutes from the September meeting were approved as submitted.

Expenditure Subcommittee:

Ms. Davis Burnham presented the Expenditure Subcommittee's report. The appropriation for FY2008 is \$3,747.0 million. Ms. Davis Burnham noted that the salary increase reflected a flat \$750 per employee increase, rather than a percentage increase. She noted that over 90% of the Grant disbursement was directed to 3 recipients, the University of Delaware, Schools (K-12) and Delaware State University.

A motion was made, seconded and approved to accept \$3,454.0 million as the expenditure estimate for FY2008. (See Tables 1a and 1b.)

Revenue Subcommittee:

Mr. Lewis presented the Revenue Subcommittee's report. He stated that the revenue estimate was being lowered based on raised prospects for a recession. He noted that this occurrence had been discussed at the September meeting when Global Insight had a 30% recession probability. Now it has been increased to 40% and Moody's Economy.com has placed the probability at 50%.

Economic Outlook

Mr. Gregor compared that the Global Insight baseline forecast for the U.S. economy with their recession scenario. He noted that the probability of the recession outlook is usually so low that it is not considered. Because it has now risen to 40%, the Revenue Subcommittee determined that it must be evaluated and at least partially reflected in the revenue forecast. Because the probabilities of the baseline and recession forecasts are so close, they have been blended together for purposes of the revenue forecast.

Mr. Gregor noted that even the Global Insight baseline forecast predicts a significant slow down in the economy over the course of the next 3 quarters.

Mr. Simpson asked what would be the full impact of a recession. Mr. Gregor noted that at previous such times revenue growth has been flat.

Mr. Dixon stated that, while economic growth has slowed considerably in the current quarter, it has not fallen off the cliff. He noted that recent reports on retail sales, employment, exports and manufacturing have all been good. He added that recessions usually surprise economists. He added that the surprising element in the current environment is that the recession warnings have been out there for so long and no recession has yet materialized. This has given the Federal Reserve time to react and cut interest rates. He concluded, however, that the current economic problems were a long time in the making and the recovery will also probably take some time.

Mr. Harty asked if the state budget could be managed if a recession occurred. Ms. Davis stated that, regardless of circumstances, the FY 2009 budget's (currently under construction) size and composition would be appropriately made according to the revenue that DEFAC forecast.

General Fund Revenues - Fiscal Year 2008:

The Revenue Subcommittee recommended the following updates to September's estimates:

Revenue Category	Sep-07	Dec-07	Change
Personal Income Tax	1,218.2	1,210.2	(8.0)
Corporation Income Tax	178.8	185.8	7.0
Lottery	262.8	257.0	(5.8)
Insurance Taxes	85.1	90.1	5.0
Gross Receipts Tax	163.0	158.0	(5.0)
CIT Refunds	(35.0)	(40.0)	(5.0)
Franchise Tax	562.7	567.4	4.7
Cigarette Taxes	137.1	133.0	(4.1)
Other Refunds	(22.6)	(19.6)	3.0
Bank Franchise Tax	146.4	143.9	(2.5)
PIT Refunds	(175.5)	(177.0)	(1.5)
Corporate Fees	68.4	69.9	1.5
Dividends and Interest	26.8	25.3	(1.5)
Franchise Tax Refunds	(12.0)	(11.0)	1.0
Other Revenues	91.4	90.6	(0.8)
Public Utility Tax	48.3	47.5	(0.8)
Hospital Board and Treatment	71.0	71.5	0.5

For a complete listing of FY 2008 estimates, see Table 2.

Discussion of FY 2008 Estimates:

Personal Income Tax: Mr. Lewis stated that the forecast was reduced by nearly one percentage point.

Corporate Franchise Tax: Mr. Geisenberger reported that the strong year to date tracking is attributed to new electronic filings and that the growth rate should slow down later in the year.

Corporate Income Tax: Mr. Lewis stated that the increase reflected tracking. He cautioned, however, that under the recession scenario this category could drop significantly.

Bank Franchise Tax: Mr. Lewis reported that the tracking was slightly stronger. The reduction reflected a timing of payment regarding one taxpayer that was moved to FY2009. Mr. Glen provided an update of the tax dispute with Lehman Bank. The Delaware Supreme Court issued a ruling in November, which upheld the tax assessment and remanded the penalty. Lehman still has recourse to petition the US Supreme Court to hear the case.

Gross Receipts Tax: Mr. Lewis said that this category continues to track weakly.

Lottery: Mr. Fasy stated that the reduction in the estimate reflects current tracking. He noted that competing venues in Pennsylvania competition are spending much more on promotions.

Abandoned Property: Mr. Horthy and Mr. Lewis inquired about Delaware's vulnerability to a challenge from other states in this category. Mr. Gregor responded that the basis for most of Delaware's abandoned property collections was case law, and specifically the US Supreme Court's 1993 decision in Delaware v. New York, which determined that "owner unknown" property should be remitted to the property holder's state of incorporation.

Mr. Gregor reasoned that, because the decision was handed down relatively recently, it was fairly unlikely that the US Supreme Court would agree to hear a similar case in the foreseeable future. He added, too, that Congress could pass a statute that created another mechanism for allocating abandoned property among the states. Mr. Gregor concluded his remarks by observing that the most immediate concern with respect to the Abandoned Property estimate was not a legal challenge or federal statutory change. The category's inherent volatility and unpredictability were much more immediate concerns.

Realty Transfer Tax: Mr. Lewis stated that the reduction in this estimate reflects the further concerns about the housing recovery. Mr. Lubin noted that, for several reasons, the real estate market is at standstill. Mr. Derrickson concurred with this outlook and stated that the bottom has yet to be reached. Mr. Lubin thought that the bottom has been reached in New Castle County and Kent County, but not in Sussex County.

Insurance Tax: Mr. Lewis reported that the increase reflects strong tracking.

Cigarette Tax: Mr. Lewis stated that the decrease reflects tracking. Increases in Maryland's cigarette and sales taxes effective in January are expected to help Delaware.

Updates in other categories were attributed to tracking changes.

Mr. Lewis noted that, thanks to a diverse revenue portfolio, the decrease in revenue was not as pronounced as it could have been. Increases in Corporate Franchise and Insurance buffered the decline.

FY2008 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,377.7 million as the revenue estimate for FY2008.

The estimate represents a decrease of \$12.3 million from DEFAC's September's estimate.

General Fund Revenues - Fiscal Year 2009:

Mr. Lewis reported that the Subcommittee recommended the following updates to September's estimates:

Revenue Category	Sep-07	Dec-07	Change
Personal Income Tax	1,284.9	1,266.6	(18.3)
Bank Franchise Tax	152.7	159.7	7.0
Gross Receipts Tax	171.2	164.8	(6.4)
Lottery	270.5	264.5	(6.0)
Insurance Taxes	89.9	95.1	5.2
CIT Refunds	(35.0)	(40.0)	(5.0)
Franchise Tax	585.3	590.2	4.9
Cigarette Taxes	156.5	151.8	(4.7)
Other Refunds	(23.4)	(26.4)	(3.0)
Corporation Income Tax	174.3	176.5	2.2
Realty Transfer Tax	84.1	82.0	(2.1)
PIT Refunds	(184.3)	(185.9)	(1.6)
Corporate Fees	71.2	72.7	1.5
Dividends and Interest	27.4	25.9	(1.5)
Other Revenues	94.6	93.7	(0.9)
Public Utility Tax	50.7	49.9	(0.8)
Hospital Board and Treatment	79.5	80.1	0.6

For a complete listing of FY 2009 estimates, see Table 2.

Discussion of FY2009 Estimates:

Personal Income Tax: Mr. Lewis stated that the forecast was reduced by nearly one percentage point. This reflects the more pessimistic economic

outlook.

Corporate Franchise Tax: Mr. Lewis noted that increase in FY2008 was carried forward.

Corporate Income Tax: Mr. Lewis stated that the reduction reflects a small reduction in the growth rate. He repeated the concern that in a recession, gross collections can be much lower and refunds can be much higher. Thus, there is increased risk and vulnerability in this category.

Bank Franchise Tax: The increase mostly reflects the payment timing regarding one taxpayer that was moved from FY2008 to FY2009.

Gross Receipts Tax: Mr. Lewis said that based on the weaker economic outlook, the growth rate for this category was reduced from 5.0% to 4.3%.

Lottery: The decrease reflects the lowered FY2008 forecast.

Realty Transfer Tax: Mr. Lewis stated that the reduction in this estimate reflects a lowered growth rate.

Mr. Lewis reported that other changes reflected carrying forward the changes made in FY2008.

FY 2009 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,524.1 million as the revenue estimate for FY2009.

The estimate represents a decrease of \$28.9 million from the September estimate. Mr. Lewis noted that the General Fund growth rate has been lowered by 0.5% since the September meeting. He said in a full recession it could drop another 2.0%.

Mr. Gregor reported that the adjusted growth rates were 2.4% in FY2008, 4.1% in FY2009 and 4.8% in FY2010.

Mr. Dixon questioned why the adjusted growth rate was lower in FY2008 than for FY2009, if the full effect of a possible economic slowdown occurs in FY2009. Mr. Gregor noted that the baseline forecast was still the basis for the broad outlook and it predicts some improvement next year.

Mr. Lewis presented the estimates for FY2010. He noted that this reflected the changes made to the previous years' estimates. The growth rate is 5.2%.

Balance and Appropriations Worksheet: Mr. Gregor presented the balance and appropriations worksheet. The result is attached as Table 3.

Transportation Trust Fund (TTF)

TTF -- Expenditures: Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

Mr. Motyl reported that Total Operations Expenditures is estimated at \$358.3 million. Total Capital Expenditures is estimated at \$406.4 million. Due to project delays, a sizable amount of expenditures have been deferred from FY2008 to FY2009.

A motion was made, seconded, and approved to accept \$764.7 million as the FY2008 expenditure estimate. (See Table 4.)

TTF -- Revenues: Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

FY2008 Estimates:

The following changes were made from the September estimate.

Route 1 Toll revenue: Decreased from \$42.8 million to \$40.7 million.

Motor Fuel Tax: Increased from \$122.4 million to \$126.0 million.

MV Document Fees: Decreased from \$72.8 million to \$68.0 million.

MV Registration Fees: Decreased from \$47.6 million to \$44.4 million.

Investment Income: Increased from \$10.5 million to \$13.1 million.

Mr. Motyl noted that, while the Toll estimate for I-95 has held up, SR1 has not fared as well. Mr. Motyl noted that motor fuel prices in Delaware have been very competitive in Delaware as compared to surrounding states. The slowdown in auto sales has resulted in a lower forecast for MV Document fees. Mr. Motyl stated that the legislative increase in registration fees has

resulted in substantially fewer 2-year registration renewals. This necessitated a reduction in estimated revenue from this category. The increase in Investment Income reflects higher fund balances because of lower capital spending.

A motion was made, seconded, and approved to accept \$446.0 million as the FY2008 revenue estimate. This represents a decrease of \$3.9 million from the September estimate.

FY2009 Estimates:

The following changes were made from the September estimate.

Route 1 Toll revenue: Decreased from \$48.7 million to \$46.3 million.

Motor Fuel Tax: Increased from \$124.8 million to \$128.5 million.

MV Document Fees: Decreased from \$86.9 million to \$81.2 million.

MV Registration Fees: Decreased from \$54.4 million to \$50.7 million.

Investment Income: Increased from \$9.0 million to \$10.0 million.

Mr. Motyl noted that changes made in FY2008 carried forward into FY2009. He added that total TTF growth is higher in FY2009 because it reflects a full year impact of the increased tolls and fees enacted in FY2008.

A motion was made, seconded, and approved to accept \$482.0 million as the FY2009 revenue estimate. This represents a decrease of \$7.1 million from the September estimate. (See Table 5.)

FY2009 Debt Limit:

Mr. Gregor presented the FY2009 Debt Limit. A motion was made, seconded and approved to accept \$176.2 million as the debt limit.

Fiscal and Revenue Studies:

Mr. Gregor noted that the most recent editions of the Fiscal Notebook and the Tax Preference Report have been distributed to members of the Council.

Mr. Cook reported on the status of SJR No. 5 and HJR No. 10. The General

Assembly requested that OMB, Department of Finance and the Controller General's Office prepare these two reports. The first report takes a broad look at the current revenue base and, also, potential new revenue sources. The second addresses the viability of sports betting. The reports are due December 21 and DEFAC will receive copies of the reports when they become available.

Other Business:

Mr. Byrd announced the next two scheduled DEFAC meeting dates:

- March 17, 2008
- April 21, 2008

Mr. Byrd wished everyone Happy Holidays.

There being no further business, Mr. Byrd adjourned the meeting at 4:25 p.m.

Respectfully submitted,

James A. Craig

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2008 (\$ in millions)**December, 2007**

	FY2004 <u>Actual</u>	FY2005 <u>Actual</u>	FY2006 <u>Actual</u>	FY2007 <u>Actual</u>	FY2008 <u>Appropriation</u>
Budget Act	2,445.1	2,600.4	2,836.0	3,101.9	3,285.6
Cash to Bond Bill	142.0	235.0	281.6	243.3	77.9
Grant-in-Aid	38.4	40.0	42.4	50.0	47.7
Continuing & Encumbered (from prior years)	173.3	240.1	327.8	342.5	335.8
Supplementals	24.9	50.0	48.0	0.0	
<i>Fiscal Year Spending Authority</i>	2,823.7	3,165.5	3,535.8	3,737.7	3,747.0
<u>LESS:</u>					
					<i>December</i>
Reversions to the General Fund	29.8	15.4	12.8	12.0	10.0
Encumbered to next fiscal year	29.1	32.8	32.2	36.4	32.0
Continuing to next fiscal year					
Operating Budget					118.1
Bond Bill					<u>132.9</u>
Total Continuing	211.0	295.0	310.3	299.4	<u>251.0</u>
Subtotal	269.9	343.2	355.3	347.8	293.0
<i>Fiscal Year Budgetary Expenditures</i>	2,553.8	2,822.3	3,180.5	3,389.9	3,454.0
<i>FY2008 Budgetary Expenditures</i>					(293.0)

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2008 (\$ in millions)**December, 2007**

	FY2004 <u>Actual</u>	FY2005 <u>Actual</u>	FY2006 <u>Actual</u>	FY2007 <u>Actual</u>	December FY2008 <u>Forecast</u>	% chg vs FY07 Actual	FY2008 YTD (5 mo actual)	% spent <u>YTD</u>
Salaries	971.6	1,023.1	1,108.3	1,167.3	1,234.2	5.7%	535.3	43.4%
Fringe Benefits	233.3	263.2	298.4	323.5	334.5	3.4%	139.6	41.7%
Pension	127.8	147.1	180.7	201.5	219.6	9.0%	96.4	43.9%
Debt Service	134.3	153.5	132.5	131.2	151.5	15.5%	70.9	46.8%
Grants	224.2	294.1	403.1	365.1	261.0	-28.5%	125.9	48.2%
Medicaid	327.2	339.1	381.4	441.6	502.1	13.7%	198.8	39.6%
Public Assistance Programs	62.8	83.6	91.7	94.1	94.3	0.2%	39.2	41.6%
Professional Services & Travel	143.7	161.3	181.0	216.8	208.0	-4.1%	87.4	42.0%
Contractual Services	223.9	228.9	252.2	289.5	295.0	1.9%	122.8	41.6%
Supplies & Materials	62.1	66.5	73.6	72.1	74.5	3.3%	35.6	47.8%
Capital Outlay	<u>42.9</u>	<u>61.9</u>	<u>77.6</u>	<u>87.2</u>	<u>79.3</u>	-9.1%	<u>32.7</u>	<u>41.2%</u>
FY2008 Budgetary Expenditures	2,553.8	2,822.3	3,180.5	3,389.9	3,454.0	1.9%	1,484.6	43.0%

Comments:

1. Employee salary increase for FY2008 was a flat rate per person.
2. Top 3 Grants are 93% of total and are: Univ of Delaware \$127.1; Schools (K-12) \$85.2; Delaware State Univ \$32.7.
3. Medicaid: \$20 of increase is an invoice for FY2007 billed and paid in FY2008.

Table 2.
DEFAC Worksheet

December-07 DEFAC Meeting	FY 2007 A Actual Collections	FY 2008					FY 2009			
		B DEFAC Sep-07	C % B over A	D DEFAC Dec-07	E % D over A	F \$ Increase D over B	G DEFAC Sep-07	H % G over B	I DEFAC Dec-07	J % I over D
Revenue Category										
Personal Income Tax	1,172.8	1,218.2	3.9%	1,210.2	3.2%	(8.0)	1,284.9	5.5%	1,266.6	4.7%
Less: Refunds	(164.5)	(175.5)	6.7%	(177.0)	7.6%	(1.5)	(184.3)	5.0%	(185.9)	5.0%
PIT Less Refunds	1,008.3	1,042.7	3.4%	1,033.2	2.5%	(9.5)	1,100.6	5.6%	1,080.7	4.6%
Franchise Tax	540.4	562.7	4.1%	567.4	5.0%	4.7	585.3	4.0%	590.2	4.0%
Limited Partnerships & LC's	91.9	107.6	17.0%	107.6	17.0%	0.0	120.6	12.1%	120.6	12.1%
Subtotal Franchise + LLP/LC	632.4	670.3	6.0%	675.0	6.7%	4.7	705.9	5.3%	710.8	5.3%
Less: Refunds	(9.9)	(12.0)	21.6%	(11.0)	11.5%	1.0	(11.0)	-8.3%	(11.0)	0.0%
Net Franchise + LLP/LC	622.5	658.3	5.7%	664.0	6.7%	5.7	694.9	5.6%	699.8	5.4%
Business Entity Fees	65.4	68.4	4.6%	69.9	6.9%	1.5	71.2	4.1%	72.7	4.0%
Uniform Commercial Code	13.0	14.3	9.9%	14.3	9.9%	0.0	13.3	-7.0%	13.3	-7.0%
Corporation Income Tax	190.8	178.8	-6.3%	185.8	-2.6%	7.0	174.3	-2.5%	176.5	-5.0%
Less: Refunds	(50.5)	(35.0)	-30.7%	(40.0)	-20.8%	(5.0)	(35.0)	0.0%	(40.0)	0.0%
CIT Less Refunds	140.3	143.8	2.5%	145.8	3.9%	2.0	139.3	-3.1%	136.5	-6.4%
Bank Franchise Tax	175.2	146.4	-16.4%	143.9	-17.8%	(2.5)	152.7	4.3%	159.7	11.0%
Gross Receipts Tax	157.3	163.0	3.6%	158.0	0.4%	(5.0)	171.2	5.0%	164.8	4.3%
Lottery	256.7	262.8	2.4%	257.0	0.1%	(5.8)	270.5	2.9%	264.5	2.9%
Abandoned Property	364.9	369.0	1.1%	369.0	1.1%	0.0	380.0	3.0%	380.0	3.0%
Hospital Board and Treatment	63.6	71.0	11.7%	71.5	12.5%	0.5	79.5	12.0%	80.1	12.0%
Dividends and Interest	25.3	26.8	6.1%	25.3	0.1%	(1.5)	27.4	2.2%	25.9	2.4%
Realty Transfer Tax	90.9	84.1	-7.5%	84.1	-7.5%	0.0	84.1	0.0%	82.0	-2.5%
Estate Tax	0.4	0.1	-72.7%	0.1	-72.7%	0.0	0.0	-100.0%	0.0	-100.0%
Insurance Taxes	88.3	85.1	-3.6%	90.1	2.1%	5.0	89.9	5.6%	95.1	5.5%
Public Utility Tax	46.2	48.3	4.6%	47.5	2.9%	(0.8)	50.7	5.0%	49.9	5.1%
Cigarette Taxes	88.3	137.1	55.3%	133.0	50.6%	(4.1)	156.5	14.2%	151.8	14.1%
Other Revenues	103.5	91.4	-11.7%	90.6	-12.5%	(0.8)	94.6	3.5%	93.7	3.4%
Less: Other Refunds	(19.8)	(22.6)	14.4%	(19.6)	-0.8%	3.0	(23.4)	3.5%	(26.4)	34.7%
Net Receipts	3,290.2	3,390.0	3.0%	3,377.7	2.7%	(12.3)	3,553.0	4.8%	3,524.1	4.3%

FY 2009 Debt Limit: \$176.2

DEFAC Worksheet

December-07 DEFAC Meeting	
	K
Revenue Category	\$ Increase I over G
Personal Income Tax	(18.3)
Less: Refunds	(1.6)
PIT Less Refunds	(19.9)
Franchise Tax	4.9
Limited Partnerships & LC's	0.0
Subtotal Franchise + LLP/LC	4.9
Less: Refunds	<u>0.0</u>
Net Franchise + LLP/LC	4.9
Business Entity Fees	1.5
Uniform Commercial Code	0.0
Corporation Income Tax	2.2
Less: Refunds	<u>(5.0)</u>
CIT Less Refunds	(2.8)
Bank Franchise Tax	7.0
Gross Receipts Tax	(6.4)
Lottery	(6.0)
Abandoned Property	0.0
Hospital Board and Treatment	0.6
Dividends and Interest	(1.5)
Realty Transfer Tax	(2.1)
Estate Tax	0.0
Insurance Taxes	5.2
Public Utility Tax	(0.8)
Cigarette Taxes	(4.7)
Other Revenues	(0.9)
Less: Other Refunds	(3.0)
Net Receipts	(28.9)

Table 2.

DEFAC Worksheet

December-07 DEFAC Meeting	FY 2010				
	L DEFAC Sep-07	M % L over G	N DEFAC Dec-07	O % N over I	P \$ Increase N over L
Revenue Category					
Personal Income Tax	1,363.4	6.1%	1,344.0	6.1%	(19.4)
Less: Refunds	(193.5)	5.0%	(195.1)	4.9%	(1.6)
PIT Less Refunds	1,169.9	6.3%	1,148.9	6.3%	(21.0)
Franchise Tax	608.7	4.0%	613.8	4.0%	5.1
Limited Partnerships & LC's	135.0	11.9%	135.0	11.9%	0.0
Subtotal Franchise + LLP/LC	743.7	5.4%	748.8	5.3%	5.1
Less: Refunds	(11.0)	0.0%	(11.0)	0.0%	0.0
Net Franchise + LLP/LC	732.7	5.4%	737.8	5.4%	5.1
Business Entity Fees	74.0	3.9%	75.6	4.0%	1.6
Uniform Commercial Code	13.7	3.0%	13.7	3.0%	0.0
Corporation Income Tax	183.0	5.0%	185.3	5.0%	2.3
Less: Refunds	(35.0)	0.0%	(35.0)	-12.5%	0.0
CIT Less Refunds	148.0	6.2%	150.3	10.1%	2.3
Bank Franchise Tax	160.3	5.0%	170.4	6.7%	10.1
Gross Receipts Tax	180.8	5.6%	174.0	5.6%	(6.8)
Lottery	276.0	2.0%	269.9	2.0%	(6.1)
Abandoned Property	390.0	2.6%	390.0	2.6%	0.0
Hospital Board and Treatment	83.4	4.9%	84.0	4.9%	0.6
Dividends and Interest	28.0	2.2%	26.4	1.9%	(1.6)
Realty Transfer Tax	88.3	5.0%	86.1	5.0%	(2.2)
Estate Tax	0.0	#DIV/0!	0.0	NA	0.0
Insurance Taxes	95.7	6.5%	101.3	6.5%	5.6
Public Utility Tax	53.2	4.9%	52.4	5.0%	(0.8)
Cigarette Taxes	158.1	1.0%	153.3	1.0%	(4.8)
Other Revenues	99.1	4.8%	98.1	4.7%	(1.0)
Less: Other Refunds	(23.4)	0.0%	(23.4)	-11.4%	0.0
Net Receipts	3,727.8	4.9%	3,708.8	5.2%	(19.0)

Table 3.

Balance and Appropriations Worksheet

FY 2008 EXPENDITURES

Total Spending Authority	\$3,747.0
Less: Continuing Appropriations & Encumbrances from FY 2008	(\$283.0)
Less: Reversions	<u>(\$10.0)</u>
Total Expenditures	\$3,454.0

FY 2008 BALANCES

Total Expenditures	\$3,454.0
vs. FY 2008 Revenues	3,377.7
Operating Balance	(76.3)
Prior Year Cash Balance	<u>\$590.9</u>
Cumulative Cash Balance	514.6
Less: Continuing Appropriations & Encumbrances from FY 2008	(283.0)
Less: Budgetary Reserve Account	<u>(\$182.8)</u>
Unencumbered Cash Balance 6/30	\$48.8

FY 2009 APPROPRIATION LIMITS

FY 2009 Revenue Estimate	\$3,524.1
Unencumbered Cash Balance from FY 08	<u>\$48.8</u>
100% Appropriation Limit	\$3,572.9
98% Appropriation Limit	<u>\$3,501.4</u>
Prior 98% Appropriation Limit	NA
Increase (Decrease) from Prior Meeting	NA
Dec. 2007 98% Appropriation Limit	\$3,501.4
Increase (Decrease) from December 2007	NA

Table 4.

Delaware Department of Transportation
FY 2008 EXPENDITURES (through November)

(\$ in millions)

42%

	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Appropriation	December FY2008 Forecast	\$ difference Forecast V. Appropriation	\$ difference Forecast V. FY2007 Actual	FY2008 YTD	% spent YTD
Operations									
Debt Service	99.2	146.2	115.1	130.8	123.5	(7.3)	8.4	51.5	41.7%
Personnel Costs	81.2	87.1	106.1	96.5	95.9	(0.6)	(10.2)	35.9	37.4%
Operations/Capital Outlay	52.8	42.7	49.5	53.1	53.1	0.0	3.6	23.8	44.8%
Transit Operations	<u>70.4</u>	<u>74.3</u>	<u>79.3</u>	<u>85.2</u>	<u>85.8</u>	<u>0.6</u>	<u>6.5</u>	35.9	41.8%
Total Expenditures - Operations	303.6	350.3	350.0	365.6	358.3	(7.3)	8.3	147.1	41.1%
Capital (State)									
Road System	186.5	211.8	121.3	186.2	144.7	(41.5)	23.4	52.9	36.6%
Grants & Allocations	25.1	23.9	30.5	38.1	28.1	(10.0)	(2.4)	10.0	35.6%
Support Systems	53.3	26.7	28.3	45.1	45.1	0.0	16.8	4.5	10.0%
Transit	<u>14.8</u>	<u>4.1</u>	<u>3.5</u>	<u>17.1</u>	<u>17.1</u>	<u>0.0</u>	<u>13.6</u>	<u>2.1</u>	12.3%
Total Expenditures- State Capital	279.7	266.5	183.6	286.5	235.0	(51.5)	51.4	69.5	29.6%
Capital (Federal)									
Road System	94.0	101.3	83.7	207.5	114.2	(93.3)	30.5	48.4	42.4%
Grants & Allocations	0.0	0.0	0.0	0.0	0.8	0.8	0.8	0.8	100.0%
Support Systems	0.3	0.2	8.5	17.4	17.4	0.0	8.9	5.7	32.8%
Transit	<u>6.7</u>	<u>8.4</u>	<u>12.2</u>	<u>39.0</u>	<u>39.0</u>	<u>0.0</u>	<u>26.8</u>	<u>3.5</u>	9.0%
Total Expenditures - Federal Capital	101	109.9	104.4	263.9	171.4	(92.5)	67.0	58.4	34.1%
Total Expenditures - Capital	380.7	376.4	288.0	550.4	406.4	(144.0)	118.4	127.9	31.5%
TOTAL EXPENDITURES	684.3	726.7	638.0	916.0	764.7	(151.3)	126.7	275.0	36.0%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

				Fiscal 2008			Fiscal 2009		
	FY 06 Actual	FY 07 Actual	% Chg. FY 06	9/17/2007 Approved	12/17/2007 Recomm	% Chg. FY 07	9/17/2007 Approved	12/17/2007 Recomm	% Chg. FY 08
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$85.0	\$93.9	10.5%	\$115.7	\$115.7	23.2%	\$125.4	\$125.4	8.4%
Route 1 Toll Road	31.5	32.6	3.4%	\$42.8	\$40.7	24.8%	\$48.7	\$46.3	13.8%
Concessions	<u>2.7</u>	<u>2.8</u>	<u>3.7%</u>	<u>\$2.7</u>	<u>\$2.7</u>	<u>-3.5%</u>	<u>\$2.7</u>	<u>\$2.7</u>	<u>0.0%</u>
Total Toll Road Revenues	119.2	129.4	8.5%	\$161.2	\$159.1	23.0%	\$176.8	\$174.4	9.6%
<u>MOTOR FUEL TAX ADMIN.</u>	123.7	120.8	-2.3%	\$122.4	\$126.0	4.3%	\$124.8	\$128.5	2.0%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	64.9	62.7	-3.3%	\$72.8	\$68.0	8.5%	\$86.9	\$81.2	19.4%
Motor Vehicle Registration Fees	30.2	31.5	4.2%	\$47.6	\$44.4	41.1%	\$54.4	\$50.7	14.2%
Other DMV Revenues	<u>20.3</u>	<u>20.5</u>	<u>0.7%</u>	<u>\$25.2</u>	<u>\$25.2</u>	<u>23.1%</u>	<u>\$26.8</u>	<u>\$26.8</u>	<u>6.3%</u>
Total DMV Revenues	<u>115.4</u>	<u>114.6</u>	<u>-0.7%</u>	<u>\$145.6</u>	<u>\$137.6</u>	20.0%	<u>\$168.1</u>	<u>\$158.7</u>	15.3%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	13.0	15.7	20.8%	\$10.2	\$10.2	-35.0%	\$10.4	\$10.4	2.0%
Investment Income(Net)	<u>7.9</u>	<u>14.8</u>	86.0%	<u>\$10.5</u>	<u>\$13.1</u>	<u>-11.3%</u>	<u>\$9.0</u>	<u>\$10.0</u>	<u>-23.7%</u>
Total Other Transp. Revenue	<u>20.9</u>	<u>30.5</u>	<u>45.5%</u>	<u>\$20.7</u>	<u>\$23.3</u>	<u>-23.6%</u>	<u>\$19.4</u>	<u>\$20.4</u>	<u>-12.4%</u>
GRAND TOTAL	<u>\$379.2</u>	<u>\$395.3</u>	<u>4.2%</u>	<u>\$449.9</u>	<u>\$446.0</u>	<u>12.8%</u>	<u>\$489.1</u>	<u>\$482.0</u>	<u>8.1%</u>

(\$3.9)

(\$7.1)

Totals may not add due to rounding